EDUCATION INFRASTRUCTURE FINANCING CORPORATION

REPORT FOR THE PERIOD FROM APRIL 1, 2003 TO AUGUST 17, 2004

105-03928/

EDUCATION INFRASTRUCTURE FINANCING CORPORATION

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LETTER OF TRANSMITTAL

Regina, Saskatchewan
February 8, 2005

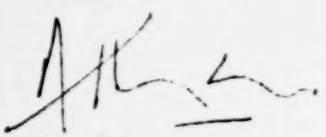
To Her Honour
The Honourable Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the Report of the Education Infrastructure Financing Corporation for the period from April 1, 2003 to August 17, 2004, in accordance with **The Crown Corporations Act, 1993.** The Financial statements included in this Annual Report are in the form approved by the Treasury Board and have been duly certified by the Corporation's auditors.

I have the honour to be, Madam,

Your obedient servant,



Andrew Thomson
Minister of Learning
And Minister Responsible
Education Infrastructure Financing Corporation

EDUCATION INFRASTRUCTURE FINANCING CORPORATION

BOARD OF DIRECTORS

Honourable Andrew Thomson
Chairperson

Honourable Harry Van Mulligen

OFFICERS

Mr. Rae Haverstock
General Manager

Ms. Denise Macza
Assistant General Manager

Mr. Jim Fallows
Treasurer

EDUCATION INFRASTRUCTURE FINANCING CORPORATION

HISTORY AND CURRENT HIGHLIGHTS

The Education Infrastructure Financing Corporation (the Corporation) was established in 2002 to lend money to boards of education, conseil scolaire, regional colleges, the Saskatchewan Institute of Applied Science and Technology, the University of Regina and the University of Saskatchewan for the purpose of financing their capital expenditures.

During the period from April 1, 2003 to August 17, 2004, the Corporation provided loans of $43.3 million (see following page). From 2002-2004, a total of $80.5 million was loaned to 32 educational institutions.

Order-in-Council 442/2004 provided for the cancellation of the Corporation's short term debt, long term debt, accrued interest and sinking fund, effective March 31, 2004. This decision was a prelude to the wind up of the Corporation, which occurred on August 17, 2004 by way of Order-in-Council 548/2004. The remaining assets and liabilities of the Corporation were transferred to the General Revenue Fund on that date.

The Corporation was administered by a Board of Directors through the use of staff and facilities provided by the Department of Finance. The Corporation incurred $14 thousand of administrative expenses in the period from April 1, 2003 to August 17, 2004. These expenses were for audit fees and the printing of this report.

The General Revenue Fund continues to provide funds to educational institutions for the purpose of financing capital expenditures, however these amounts are now recorded as grants rather than loans. As a result, there is no need for the continued existence of the Corporation.

EDUCATION INFRASTRUCTURE FINANCING CORPORATION

LOANS ISSUED IN THE PERIOD FROM APRIL 1, 2003 TO AUGUST 17, 2004

(thousands of dollars)

Estevan Rural S.D. No. 62 - Weldon School	$ 634
Estevan Rural S.D. No. 62 - Lampman School	339
Lakeview S.D. No. 142 - Quill Lake School	232
Estevan Rural S.D. No. 62 - Spruce Ridge School	563
Saskatchewan Rivers S.D. No. 119 - Westview School	837
Gull Lake S.D. No. 76 - Gull Lake School	161
Estevan Rural S.D. No. 95 - Spruce Ridge School	2,140
Souris Moose Mountain S.D. No. 122 - Carlyle Elementary	162
Souris Moose Mountain S.D. No. 122 - Redvers School	101
Northern Lights S.D. No. 113 - Minahik Waskahigan Elementary	412
Battleford S.D. No. 118 - North Battleford Composite High	500
Battle River S.D. No. 60 - Marshall School	760
Eastend S.D. No. 8 - Frontier School	1,086
Saskatchewan Valley S.D. No. 49 - Blaine Lake Composite	123
Saskatchewan Valley S.D. No. 49 - Hepburn School	106
Souris Moose Mountain S.D. No. 122 - Carnduff Elementary	1,526
Buffalo Plains S.D. No. 21 - Balgonie Elementary	350
Northern Lights S.D. No. 113 - Churchill High School	215
Saskatoon (West) S.D. No. 42 - Dalmeny High School	100
Moose Jaw S.D. No. 1 - Riverview Collegiate Institute	185
Moose Jaw S.D. No. 1 - Palliser Heights Elementary	194
Ile-a-La-Crosse S.D. No. 112 - Rossignol Elementary	888
Broadview S.D. No. 18 - Broadview School	340
Humboldt S.D. No. 104 - Humboldt Collegiate Institute	161
Prairie West S.D. No. 75 - Cabri School	825
Shamrock S.D. No. 38 - Wynyard Composite High School	547
Herbert S.D. No. 79 - Hodgeville Elementary School	237
Yorkton Roman Catholic S.D. No. 86 - Sacred Heart School	1,629
Prince Albert R.C.S.S.D. No. 6 - St. Francis School	215
Moose Jaw R.C.S.S.D. No. 22 - St. Michael School	355
Moose Jaw R.C.S.S.D. No. 22 - St. Agnes School	117
St. Paul's R.C.S.S.D. No. 20 - Holy Cross High School	137
St. Paul's R.C.S.S.D. No. 20 - St. Goretti School	263
St. Paul's R.C.S.S. D. No. 20 - St. Joseph High School	232
Prince Albert R.C.S.S.D. No. 6 - St. Mary's High School	7,663
Regina R.C.S.S.D. No. 81 - St. Francis Community School	290
North West Regional College - Meadow Lake Campus	1,854
North West Regional College - Battleford Campus	269
University of Saskatchewan - Various projects	4,680
University of Regina - Various projects	11,882
	$ 43,310

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management has prepared the financial statements of the Education Infrastructure Financing Corporation in accordance with Canadian generally accepted accounting principles. Management is responsible for the reliability and integrity of the financial statements and all other information contained in the Annual Report.

Management has the primary responsibility for the integrity and objectivity of the financial statements. To fulfill this responsibility, management maintains appropriate systems of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Corporation.

Dudley and Company LLP, the Corporation's external auditors, have reviewed the systems of internal control and audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report appears on the following page.

The financial statements have been examined and approved by the Board of Directors.

Rae Haverstock
General Manager

Jim Fallows, CA
Treasurer

February 8, 2005

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of the Education Infrastructure Financing Corporation as at August 17, 2004 and the statements of income and reinvested earnings and cash flows for the period from April 1, 2003 to August 17, 2004. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at August 17, 2004 and the results of its operations and its cash flows for the period from April 1, 2003 to August 17, 2004 accordance with Canadian generally accepted accounting principles.

Dudley + Company LLP

Regina, Canada
December 3, 2004

Dudley and Company LLP
Chartered Accountants

EDUCATION INFRASTRUCTURE FINANCING CORPORATION

STATEMENT OF FINANCIAL POSITION

	As at August 17 2004	As at March 31 2003
	(thousands of dollars)	
ASSETS		
Current Assets		
Interest receivable	$ 0	$ 377
Loans receivable within one year (Note 3)	0	2,203
	0	2,580
Loans receivable (Note 3)	0	35,976
Deferred financing charges	0	46
	$ 0	$ 38,602
LIABILITIES AND PROVINCE'S EQUITY		
Current Liabilities		
Interest payable and accrued liabilities	$ 0	$ 191
Short term debt (Note 5)	0	20,840
	0	21,031
Long term debt (Note 5)	0	17,384
Province of Saskatchewan's Equity		
Reinvested earnings	0	187
	$ 0	$ 38,602

See accompanying notes to the financial statements.

EDUCATION INFRASTRUCTURE FINANCING CORPORATION

STATEMENT OF INCOME AND REINVESTED EARNINGS

	For the Period Apr. 1, 2003- Aug. 17, 2004	For the Period Apr. 1, 2002- Mar. 31, 2003
	(thousands of dollars)	
Revenue		
Interest income	$ 4,883	$ 567
Cancellation of short term and long term debt (Note 5)	78,152	0
	83,035	567
Expenses		
Interest on debt	2,707	377
Administration	14	3
Uncollectible loans and interest	78,559	0
	81,280	380
Net income	1,755	187
Reinvested earnings beginning of period	187	0
	1,942	187
Transfer to General Revenue Fund (Note 6)	(1,942)	0
Reinvested earnings, end of period	$ 0	$ 187

See accompanying notes to the financial statements.

EDUCATION INFRASTRUCTURE FINANCING CORPORATION

STATEMENT OF CASH FLOWS

	For the Period Apr. 1, 2003- Aug. 17, 2004	For the Period Apr. 1, 2002- Mar. 31, 2003
	(thousands of dollars)	
Operating Activities		
Interest received	$ 3,638	$ 0
Interest paid on debt	(2,226)	(188)
Payments to suppliers	(11)	0
Cash provided by (used in) operating activities	1,401	(188)
Investing Activities		
Issuance of loans	(42,502)	(37,989)
Proceeds from maturing loans	3,729	0
Cash (used in) investing activities	(38,773)	(37,989)
Financing Activities		
Issuance of long term debt	30,559	17,384
Cancellation of short term debt	29,955	0
Sinking fund contributions	(356)	(47)
Cash provided by financing activities	60,158	17,337
Net increase (decrease) in cash equivalents during the year	22,786	(20,840)
Cash equivalents (short term debt), beginning of period	(20,840)	0
	1,946	(20,840)
Transferred to the GRF on wind-up of the Corporation	(1,946)	0
Cash equivalents (short term debt), end of period	$ 0	$ (20,840)

See accompanying notes to the financial statements.

EDUCATION INFRASTRUCTURE FINANCING CORPORATION

NOTES TO FINANCIAL STATEMENTS

August 17, 2004

1. Significant Accounting Policies

The Corporation's accounting policies are in accordance with Canadian generally accepted accounting principles.

Market Value of Short Term Financial Instruments

For the Corporation's short term financial instruments, the carrying amounts approximate fair value due to the immediate or short term maturity of these financial instruments.

2. Status of the Corporation

The Education Infrastructure Financing Corporation was established in 2002 pursuant to **Order-in-Council 243/2002** to assist educational institutions in financing their capital requirements. The Corporation was wound up on August 17, 2004 pursuant to **Order-in-Council 548/2004**, and its assets and liabilities were transferred to the General Revenue Fund.

The Corporation was a Provincial Crown corporation and was therefore not subject to Federal or Provincial income tax but was subject to Provincial corporation capital tax.

3. Loans Receivable from Educational Institutions

The Corporation loaned money to educational institutions for capital projects in accordance with loan agreements. The term of a loan was based on the expected useful life of the underlying project.

Each loan agreement stated that the Department of Learning – General Revenue Fund would undertake to pay the Corporation, on behalf of the borrower, grants equal to the semi-annual installments of principal and interest payable on the loan. The borrower irrevocably authorized and directed the Department of Learning to pay semi-annual amounts to the Corporation on its behalf to be applied in payment of principal and interest.

The Corporation reduced the value of its loans receivable to $0 upon the decision to wind up the Corporation and transfer the loans to the General Revenue Fund. The loans have no value to the General Revenue Fund because of its responsibility for making the loan payments.

The Corporation's loans can be categorized as follows:

	August 17 2004	March 31 2003
	(thousands of dollars)	
School Divisions	$ 0	$ 6,926
SIAST and Regional Colleges	0	1,728
Universities	0	29,525
	0	38,179
Receivable within one year	0	2,203
	$ 0	$ 35,976

3. Loans Receivable from Educational Institutions (continued)

The fair value of these loans at March 31, 2003 was $39.3 million. This fair value was determined by discounting the loans' future cash flows using investment rates available to the Corporation for investments with similar terms and remaining maturity, less costs of settlement.

4. Related Party Transactions

Included in these financial statements are transactions with the General Revenue Fund and various educational institutions related to the Corporation by virtue of common control or significant influence by the Government of Saskatchewan. Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

Other than the administrative costs included in the statement of income and retained earnings, no material additional costs were incurred to administer the Corporation, as the Departments of Finance and Learning administered the Corporation by using the services of existing employees. The Corporation has not been allocated any costs associated with the services of these employees.

5. Debt

Maturity Date	Rate (%)	2004	2003
		(thousands of dollars)	
General Revenue Fund			
December 3, 2013	5.25	$ 0	$ 10,000
December 1, 2022	5.97	0	1,700
March 1, 2023	5.84	0	5,684
Total long term debt		$ 0	$ 17,384

Order-in-Council 442/2004 cancelled, effective March 31, 2004, the outstanding principal and accrued interest on the Corporation's short term debt, long term debt and sinking fund.

The fair value of the debt at March 31, 2003 was $17.2 million. The fair value was determined by discounting the debentures' future cash flows using borrowing rates available to the Corporation for debt with similar terms and remaining maturity, less cost of settlement.

6. Transfer to the General Revenue Fund

The following assets (liabilities) were transferred to the General Revenue Fund when the Corporation was wound up on August 17, 2004:

Cash	1,946
Interest receivable	2
Accounts payable	(6)
	1,942